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CC:	
Date:	Fri, 1/23/2015 7:30:13 PM
Subject:	Daily Update

Quote of Day

"An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage." – Jack Welch

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- The headline of the day is the death of Saudi King Abdullah. The talking heads and investors are analyzing and ruminating over the myriad of possible outcomes and implications associated with this event. There will be a lot of tea-leaf reading and guessing happening over the coming days and weeks. My initial guess is that things remain status quo (75% weighting) with a sprinkling of concern related to further leadership transition in the kingdom, possible reinvigorated social demands in the country and/or "other" challenges (25%). After initially spiking 3%, Brent is now up by 1% while WTI, after also rising (north of $47.50), is now $46 ish (-50bps). GE released earnings and exceed expectations on better power and water business sales which offset the impact of falling oil (stock is up slightly). Honeywell also beat (slightly). UPS misses. Reminder: please keep thinking about how events seemingly unrelated to our world could (or could not) impact us and/or issuers. Also today, EuroZone stocks are flying as PMI data beats expectations (I'm sure QE ain't hurting them either as they ….). EuroStock up over 2% now while European sovereign yields continue to collapse as bond prices surge (see charts of the day). The USD continues its march higher as the Euro hits 1.12 (book your European holiday early!). Greek election is on Sunday. Also, statistic of the day: Six central banks have changed rates in the last ten days. Antennas are up for the implications associated with currencies and risk assets (be aware). Futures now -5. 10yr 1.82%

- Data: US PMI due at 9:45am. Existing Home Sales at 10am. Japan PMI edged up to 52.1. China Flash PMI prints at 49.8 (vs. 49.5 exp). Eurozone Composite PMI beats at 52.2 (vs. 51.7 exp).

- Credit: Loans grind tighter which is impressive given that outflows continue and CLO formation remains challenged. One desk is reporting that performing, higher coupon risk feels "grabby". It feels like some investors got caught off guard and are now trying to hoover up paper however, loans did report another outflow this [shortened] week. We are opening unch'd to better. Also, from GS this morning:

  "Regarding outflows and risk…. Tighter rates have typically been correlated with retail outflows for the past year or so… i.e. floating rate becomes less attractive to retail investors when consensus is that rates will grind tighter; we would normally think this would be negative for loan secondary prices but now that the 10yr is 1.8% and the generic loan market is ~5% and trading +/- 98 dollar price… we think that the spread is wide enough that the "sensitivity to rate changes" will be much less pronounced at these absolute levels."

- Charts of the Day

Euro

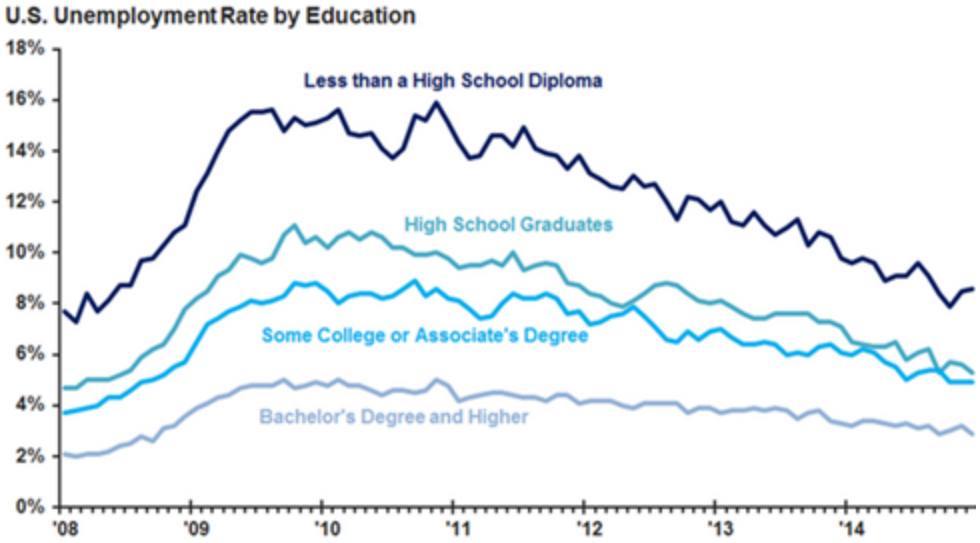
European Sovereign Yields

(a.k.a “buy loans table”)

The Race to Negative Yields: Global 2-Year Yields (%)			
Country	2-year Yield (Jan 1 2014)	2-year Yield (Today)	Difference
SWITZERLAND	-0.06	-1.05	-0.99
DENMARK	0.26	-0.25	-0.52
GERMANY	0.21	-0.17	-0.38
AUSTRIA	0.25	-0.13	-0.38
NETHERLANDS	0.21	-0.10	-0.31
FINLAND	0.19	-0.10	-0.29
FRANCE	0.29	-0.09	-0.39
BELGIUM	0.28	-0.06	-0.34
JAPAN	0.09	-0.01	-0.11
SWEDEN	1.09	0.01	-1.08
IRELAND	0.95	0.07	-0.88
SPAIN	1.50	0.26	-1.24
PORTUGAL	3.32	0.29	-3.04
ITALY	1.26	0.31	-0.95
UNITED KINGDOM	0.56	0.36	-0.21
HONG KONG	0.33	0.39	0.06
UNITED STATES	0.38	0.51	0.13
CANADA	1.14	0.55	-0.59
SINGAPORE	0.37	0.61	0.24
POLAND	3.05	1.57	-1.48
SOUTH KOREA	2.79	2.04	-0.75
AUSTRALIA	2.65	2.09	-0.56
PHILLIPPINES	2.46	3.09	0.63
CHINA	4.38	3.22	-1.16
NEW ZEALAND	3.21	3.30	0.09
MEXICO	3.70	3.80	0.10
SOUTH AFRICA	6.25	6.16	-0.09
INDONESIA	7.64	7.03	-0.61
INDIA	8.43	7.75	-0.68
BRAZIL	11.75	12.42	0.68
RUSSIA	6.31	14.92	8.61
Pension Partners THE ATAC ROTATION MANAGER			

- Other:
    - Stan's question too http://www.politico.com/magazine/story/2015/01/where-was-obama-when-the-middle-class-needed-him-114502.html#.VMJcCP7F-Cl

- King Abdullah, a Shrewd Force Who Reshaped Saudi Arabia, Dies at 90 http://www.nytimes.com/2015/01/23/world/middleeast/king-abdullah-who-nudged-saudi-arabia-forward-dies-at-90.html?partner=rss&emc=rss&_r=0
- Go to school =>



- HY: 106 1/8 (+1/16)
- IG: 68 (-1/8)
- CSLLI: 0.28% mtd / 0.28% ytd
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